

AMENDED IN ASSEMBLY APRIL 8, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 881

Introduced by Assembly Member Koretz

February 20, 2003

An act to add Section 14105.32 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 881, as amended, Koretz. Medi-Cal: drug contracts.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Existing law authorizes the department to enter into contracts with manufacturers of single-source and multiple-source drugs on a bid or nonbid basis pursuant to specified procedures and to maintain a list of contract drugs for which contracts have been executed.

This bill would prohibit the department from entering into a contract with the manufacturer of a drug unless the price of the drug is the same as, or less than, the ~~federal ceiling price, as defined~~ *lowest known price paid for the drug in the state by the federal government*.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14105.32 is added to the Welfare and
2 Institutions Code, to read:
3 14105.32. ~~(a) Notwithstanding any other provision of law,~~
4 the department shall not enter into any contract with the
5 manufacturer of a drug unless the price of the drug is the same as,
6 ~~or less than, the federal ceiling price for the same drug.~~
7 ~~(b) For purposes of this section “federal ceiling price” means~~
8 ~~the drug price paid by the United States Public Health Service in~~
9 ~~accordance with Section 603 of the Veterans Health Care Act of~~
10 ~~1992 (38 U.S.C. Sec. 8126).~~ *or less than, the lowest known price*
11 *paid for the drug in the state by the federal government.*

